

Service Date October 31, 1975

BEFORE THE UTILITY DIVISION  
DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

IN THE MATTER OF the motion	)	UTILITY DIVISION
by THE MONTANA POWER COMPANY	)	
for temporary approval of	)	DOCKET NO. 6348
natural gas rate increases	)	ORDER NO. 4220
subject to rebate.	)	
	)	

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On September 23, 1975, The Montana Power Company (applicant) filed a motion to immediately issue an order authorizing the Applicant to increase its rates and charges for natural gas service, pending a hearing and final decision. The motion was for temporary approval of natural gas rate increases subject to rebate. A hearing on the motion was set for Helena, Montana, on October 2, 1975.

APPEARANCES: FOR THE APPLICANT:

Robert D. Corette  
J. J. Burke  
Mark A. Clark, Attorney's for the Applicant:

The Montana Power Company  
40 East Broadway  
Butte, Montana 59701

FOR THE PROTESTANT:

William E. O'Leary, Attorney at Law, for the Montana Consumer  
Counsel Geoffrey L. Brazier, Montana Consumer Counsel, 330  
Fuller Avenue, Helena, Montana, 59601

BEFORE:

Gordon E. Bollinger, Chairman  
P.J. Gilfeather, Commissioner  
Thomas G. Monahan, Commissioner  
James R. Shea, Commissioner  
George Turman, Commissioner

## FINDINGS OF FACT

1. Notice of the hearing was duly served upon all parties by mailing a copy thereof, postage prepaid, to those persons listed on the Commission's service list. No objection was interposed in these proceedings regarding the scope or substance of notice.

2. The hearing commenced at 1:30 P.M. (MDT), on October 2, 1975, in the conference room of the Montana Public Service Commission, at 1227 11th Avenue, Helena, Montana.

3. The Applicant is a natural gas public utility serving customers within the State of Montana. Applicant's rates for natural gas service are subject to the jurisdiction of this Commission.

4. Commencing on August 1, 1975, by orders of the Canadian Government, the border price for gas exported from Canada was increased from \$1.00 to \$1.40 per million BTU's.

5. Commencing on November 1, 1975, by orders of the Canadian Government, the border price for gas exported from Canada shall be increased from \$1.40 to \$1.60 per million BTU's.

6. Applicant contends that at the present rates Applicant's property would be subject to confiscation without due process of law.

7 Applicant's Appendix E to the motion shows that under the present rates, Applicant would sustain a loss during the test year 1975 of \$13,031.968 due to the maximum impact of increased purchased gas cost and royalty expense.

8. Applicant's Appendix B to the motion shows the unit price

of Canadian purchased gas at \$1.4241 per MCF and the unit price of Canadian royalty gas at \$.5553 per MCF for the month of August, 1975.

9. The temporary rate relief increase requested by Applicant for its residential, non-residential and other utility customers was \$11,646,283.

#### CONCLUSION OF LAW

1. The Commission has a duty to insure that utilities under its jurisdiction provide reasonably adequate service at just and reasonable rates that are not confiscatory of the utilities's property. Montana (RCM 1947, 70-105)

2. The Commission may temporarily approve an increase pending a hearing and final decision, with the additional revenues collected subject to rebate (RCM 1947, 70-113).

3. In view of the large increases in the price of Canadian purchased gas and Canadian royalty gas, increased rates for Applicant's natural gas distribution service are Justified.

4. The temporary increase approved herein is a Just and reasonable amount to insure continued service to Applicant's consumers.

5. The rate relief requested by Applicant should be granted in part.

#### O R D E R

1. Montana Power Company shall file monthly reports indicating its sources and volumes of purchased gas and royalty gas.

2. Applicant shall be granted a temporary increase for the amount of \$6,510,791 for its residential, non-residential and other utility customers. Applicant shall file within ten (10) days of this order, a tariff reflecting this allowance.

3. This temporary increase shall be spread equally to Applicant's residential, non-residential and other utility customers. Said increase shall be effective for services rendered on and after November 1, 1975.

4. This is a temporary order. In this regard the Commission, as a matter of policy, will consider temporary requests only in conjunction with full rate case hearings such as that in progress in Docket No. 6348. The Commission's intention in granting certain temporary increases herein is primarily to allow time for the thorough consideration of the entire operations of the Company without chancing jeopardizing those operations, due to the Canadian gas and royalty gas increases on export gas.

5. The additional revenues resulting from this interim order will be subject to rebate plus interest at the rate of return granted the Company. In the final order, if the Commission determines at the end of the general rate case that lower rates should become effective.

6. This temporary order shall be effective only until the initial final order is made, in Docket No. 6348, and shall not be in effect during any appeal therefrom.

DONE IN OPEN SESSION at Helena, Montana, October 30, 1975, by a 4-1 vote, Commissioner James R. Shea dissenting.

BY ORDER OF THE PUBLIC SERVICE COMMISSION:

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GORDON E. BOLLINGER, Chairman

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P.J. GILFEATHER, Commissioner

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THOMAS G. MONAHAN, Commissioner

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GEORGE TURMAN, Commissioner

ATTEST

GAIL E. BEHAN  
Secretary  
(Seal)